



Speaker Bauer discusses tax legislation with Rep. Dale Grubb (D-Covington).

Filing your income taxes shouldn't require a degree in accounting...

As state and federal tax code grows more complicated, it is easy to overlook valuable tax deductions and credits for which you or your family might be eligible. Refer to this postcard to learn more about some of the more common tax breaks that are available through both the state and federal governments.



Family deductions

Each taxpayer is eligible for an exemption for themselves, their spouses and each dependent claimed on both the federal and state tax returns. Dependent children may also qualify for a Child Tax Credit on federal income tax returns.

Deductions are also available through the federal government for expenses incurred for daycare costs throughout the year and higher education fees, including interest paid on student loans. (On Form IT-40, see line 10; on Form 1040A, see lines 6, 18, 19, 29, 33 and 42.)



Senior deductions



Senior citizens are eligible for the same individual deductions as other taxpayers, and also receive additional deductions for being over 65 years of age. Deductions may also be claimed for military income or retirement benefits, individuals who are blind and/or disabled and veterans in various categories. There is also a Unified Tax Credit for the Elderly for individuals with an adjusted gross income of less than \$10,000. (On Form IT-40, see lines 11, 12, and 24; on Form 1040A, see lines 23a and 30.)

Property deductions

Deductions are available for many of the costs associated with home ownership. For example, property taxes that you pay on your principal place of residence can be deducted up to \$2,500. (On Form IT-40, see line 2, schedule 1.)



Renters deductions

Individuals who rent homes or apartments as their primary residence may deduct up to \$2,500 on their state income tax returns. (On Form IT-40, see line 1, schedule 1.)



Tax assistance in South Bend

The Internal Revenue Service (IRS) has centers around the state that are staffed to provide face-to-face tax help. In most cases, no appointment is needed. IRS personnel are able to answer tax questions, look up information about your tax account, help you with installment plans if you cannot pay your tax liability, and if your income is less than \$35,000, help you prepare your individual income tax return. **The local IRS office in South Bend is at 100 E Wayne Street, 236-8149.** Hours are Monday through Friday, 8:30 a.m.-4:30 p.m.

Speaker Pat Bauer

State Representative, St. Joseph County



Don't miss out on important tax credits and deductions

If in 2003 you worked and earned less than \$34,600, you may be eligible for a tax break of up to \$4,000 through the **Earned Income Tax Credit** (EITC). The average Indiana family received more than \$1,600 in 2001 from the EITC, thanks to changes that were made in the state income tax law in 2002. See the box at right for more details.

In addition, the legislature increased the renter's deduction from \$2,000 to \$2,500 in 2002 and made a technical correction in the fall of 2003 which allows homeowners to deduct up to \$2,500 of the property taxes they pay each year from their income taxes, each of which can amount to substantial savings if you qualify.

On the back of this postcard, I have explained some of the other common tax credits and deductions for which many people are eligible. I have also listed contact information for local assistance with preparing your income tax returns.

This information is not intended to serve as tax advice*- only as a reminder of some of the deductions and credits which may apply to you. As always, please let me know if there is anything that I can do for you.

The Earned Income Tax Credit

The EITC is for moderate and low income working families and can provide a substantial tax credit based on income and family size.

Indiana is one of 17 states that has a state version of the EITC in addition to the federal EITC, so when you file your taxes, be sure to claim it if you are eligible on both forms.

Many individuals do not claim the EITC because they haven't heard about it or do not know how to apply. To learn more, contact:

The IRS: **800-829-1040**

www.irs.gov

Indiana taxpayer help: **317-232-2240**

www.in.gov/fssa/eitc

* This publication is intended for general information purposes only and does not and is not intended to constitute legal or tax advice. The reader must consult with legal counsel or tax preparer to determine how information discussed herein applies to the reader's specific circumstances.

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